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C O N F I D E N T I A L SECTION 01 OF 03 HARARE 000959

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SUBJECT: GOZ ANNOUNCES INTENT TO NATIONALIZE LAND

REF: (A) HARARE 939 (B) HARARE 862

Classified By: Political Officer Win Dayton under Section 1.5 b/d

**11. (C) SUMMARY:** GOZ media reports that the GOZ is prepared to nationalize the country's farmland and conservancies -- essentially limiting land use to limited term leasehold arrangements -- may be somewhat premature. While a leasehold system appears to be the ruling party's objective, resolution of crucial details within the ruling party will likely prove complicated, time-consuming and potentially divisive. In any event, the GOZ continues to appear determined to reduce white ownership in the agricultural sector further, if not eliminate it entirely. END SUMMARY.

99 Years for Farmland; 25 for Conservancies  
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**12. (U)** According to the June 8 cover story in the government's Herald newspaper, the GOZ plans to abolish title deed holdings and replace them with 99-year leases. Wildlife and game conservancies would be subject to leaseholds of no more than 25 years. Urging all land owners to come forward for vetting in order to qualify for leaseholds, Minister of Special Affairs in the Office of the President and Cabinet in charge of Land Reform and Resettlement (and ZANU-PF Secretary-General) reportedly called existing processes for

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state land acquisition "odious and unnecessary because in the end all land shall be State land and there will be no such thing as private land." The article asserted that Zimbabwe was one of only a few African countries not already using a land nationalization/leasehold model. It noted also the listing June 4 of 259 additional farms for compulsory acquisition, bringing the total this year to 918. (Note: Commercial Farm Union representatives estimated to us in April that about 650 white owned commercial farms remained in operation, although many were fractions of their former size due to partial land seizures or settlements. End Note.)

Details to be Worked Out  
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**13. (C)** Permanent Secretary Pazvakavambwa of Minister Nkomo's office told poloff emphatically on June 8 that comments attributed by the Herald to Nkomo were inaccurate. He confirmed that the GOZ was heading toward a long-term leasehold system in accordance with recommendations of last year's Utete Commission Report, but asserted that the Cabinet had not agreed yet on the timing or mechanics of implementation. Director General Mtsambiwa of the Parks and Wildlife Management Authority declined to comment to econoff until the full policy had been released.

**14. (C)** An NGO representative who works closely with the Parliament told poloff June 8 that Parliament was not consulted on the move and had seen no draft legislation on the matter. He said that, canvassed informally about the measure, ruling party MPs exhibited a very shallow appreciation of the measure's potential implications and did not see past the fact that the 99 year term would more than cover their intended tenure on farms received under land reform. Opposition MPs already are denouncing the move, which MDC President Morgan Tsvangirai characterized in his weekly letter to the nation as reckless, unconstitutional, inefficient, and anachronistic.

Doom for Conservancies?  
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**15. (SBU)** The notion of 25-year lease terms for conservancies has raised alarm among environmentalists and conservancy interests. Charles Jonga, Director of the CAMPFIRE Association (which manages environmentally sensitive areas adjacent to national parks) expressed concern to econoff that such limited terms would drive away and keep out responsible investors, who could not expect adequate returns on their investment. Similarly, financial institutions were unlikely to regard short-term leases as adequate collateral for

necessary loans. Short term leases further would induce rapid extraction of wildlife resources, thereby undermining prospects for sustainable management. He also asserted that new owners lacked the experience necessary for wildlife management and the trust relationships with customers necessary to make the conservancies viable concerns.

16. (SBU) Jonga's sentiments echo those voiced previously by Weldon Schenck, an American with property interests at the Save Conservancy (ref A). The consortium of interest-holders at Save has been negotiating with an indigenous company for indigenization of the property's ownership and operation based on shareholder equity in a deal that would have to be approved by the GOZ. We have not yet been able to contact Mr. Schenck for his reaction to the announced policy and its potential impact on the Save negotiations. (Note: Minister Nkomo has played a role in brokering among the parties to the Save negotiation; he told the Ambassador earlier this year that the GOZ would likely institute 99-year leaseholds for conservancies like Save.)

Comment  
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17. (C) Moving on formal nationalization of land represents just the next step in the ruling party's aggressive efforts to bring the nation's economic assets under party control. With the collapse of the commercial agricultural sector, conservancies -- one of the economy's few remaining profitable sectors and a generator of foreign exchange -- were an obvious next target, even though the Utete Commission Report recommended against their inclusion in land reform. Senior GOZ and ruling party officials, including some already under USG financial sanctions, are jockeying for position to enter the sector. The extent to which such officials take financial interests in the industry will have implications for our financial sanctions here. (Note: Americans historically have been the principal market for Zimbabwe's hunting sector. End note.)

18. (C) Commercial farmers had hoped that the polished Nkomo, generally regarded as a relative "moderate" within the party leadership, would rationalize land reform after getting the portfolio from "hard-liner" Minister of Agriculture Joseph Made in January's cabinet reshuffle. The alleged misquoting of the Minister by the official media suggests the mischievous hand of hard-line Information Minister Jonathan Moyo, but may simply reflect disingenuousness by Nkomo's office, which is well-known for trying to please interlocutors from all sides. Nkomo's public comments may have been intended to dampen criticism from the Moyo-Made hardline axis (ref B) and to maintain his position. In any event, the announcement (and new listings for compulsory acquisition) further underscores that there will be little if any room for residual pre-land reform operators in Zimbabwe's agricultural sector.

19. (C) The commitment to nationalization/leasehold arrangement squelches hopes that "new farmers" will get title deeds to their land, a measure regarded by some as a first step necessary to begin to rationalize the agricultural sector after redistributive objectives were achieved. Continuing legal challenges by existing title-holders effectively precluded the GOZ from moving to issue reliable new titles to recipients of property under land reform. Nationalization will dispense with the cumbersome and time-consuming legalistic process -- heavily criticized by the ruling party (and usually ignored by enforcement authorities in any event) -- required for compulsory acquisition under current law.

110. (C) State ownership of the land and a revocable leasing system will effectively give the ruling party additional leverage over the individual ministers, military officers, civil servants, judges, and party supporters who received property under land reform. While a title deed system would spare these tens of thousands of beneficiaries that measure of control and would significantly empower them economically, it is unlikely they could meaningfully influence resolution of pivotal issues even if they wanted to.

111. (C) It is unclear how long the nationalization process, which will require enabling legislation and implementing regulations, will take. Although the ruling party's control of parliament assures that it will get what it wants, critical details of what it wants remain unclear. The measure almost certainly will face legal and constitutional challenges. Furthermore, it would wreak havoc in Zimbabwe's already debilitated financial sector, where title deeds collectively are the most significant asset collateral on many banks' balance sheets. Finally, contention over complicated associated issues may expose and deepen rifts among increasingly fractious ruling party interests, some of whom already have been sparring over allocations under land reform. Settling land reform issues within the party may yet prove as vexsome if not more so than overcoming opposition to

land reform outside the party.  
WHITEHEAD